

Message Text

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SUBJECT: FY 76 CCP AND QUARTERLY PROGRESS REPORT

1. OVERVIEW. ZAIRE'S FINANCIAL CRUNCH CONTINUED UNRELIEVED DURING THE SECOND QUARTER. THERE WERE, HOWEVER, HIGH-LEVEL ANNOUNCEMENTS AT END OF NOVEMBER AND AGAIN AT END OF DECEMBER THAT PROMISED A MEASURE OF RELIEF THROUGH THE IMPLEMENTATION OF AN AS YET TO BE ANNOUNCED STABILIZATION PLAN WHICH WOULD BE ASSISTED BY IMF SUPPORT. THE ANNOUNCEMENTS, IN EFFECT, PROCLAIMED AN END TO THE CREEPING GOVERNMENT INVOLVEMENT IN THE BUSINESS SECTOR OF THE ECONOMY. OLD "ZAIRIANIZED" FOREIGN INVESTORS WERE INVITED TO RE-TAKE 40 PERCENT OF THEIR FIRMS AND THERE HAVE BEEN STRONG INDICATIONS THAT THIS WAS ONLY A BEGINNING. WITH THESE OFFERS WENT COMPLETE MANAGERIAL CONTROL. WHILE THIS STEP UNDOUBTEDLY FOREBODED WELL FOR THE ECONOMY, IT NEVERTHELESS CHANGED ONE OF THE BASIC ASSUMPTIONS OF THE CCP. GOZ OFFICIALS HAVE OFTEN PROCLAIMED THEIR DESIRE TO DIVERSIFY THEIR TRADE CONTACTS AWAY FROM BELGIAN INTERESTS AND THE ASCENSION OF ZAIRIANS TO THE HEAD OF MANY ZAIRIANIZED COMPANIES GAVE RISE TO HOPES THAT AS THEY BEGAN TO SETTLE IN THEIR JOBS, THEY COULD BE PERSUADED THROUGH EMB EFFORTS TO TAKE DECISIONS FAVORING U.S. SUPPLIERS. NEVERTHELESS, AS EMB OFFICERS FOUND THROUGH THE NOV.-DEC. CALLS ON THE BUILDING INDUSTRY, THE FOREIGNERS, PRINCIPALLY BELGIANS, REMAINED VERY MUCH IN CONTROL OF THE DECISION-MAKING REGARDING WHAT IS PURCHASED AND THE SOURCE. SINCE FOREIGN PURCHASES WAS ONE OF THE FEW REMAINING WAYS (OVER-INVOICING) OF GETTING INVESTMENT RETURNS OUT OF THE COUNTRY, THERE REMAINED LITTLE POSSIBILITY OF THEIR BUYING DIRECT FROM U.S. SUPPLIERS. SOME SPOKESMEN SUGGESTED THAT

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THE PARENT OR ASSOCIATE FIRMS IN EUROPE MIGHT BE CONTACTED.

THEREFORE, THE SUBSEQUENT MEASURES SHIFTING ZAIRIANS OUT OF THE DIRECT TOP MANAGEMENT OF THE PREVIOUSLY ZAIRIANIZED FIRMS INDICATES SOMETHING OF A NEW BALLGAME AS FAR AS THE FY 76 CCP IS CONCERNED. ON THE OTHER HAND, HEAVILY INCREASED GOZ EMPHASIS ON AGRO-INDUSTRY AND SUPPORTING TRANSPORT SECTIONS DICTATE A SIMILAR SHIFT IN FY 76 CCP PRIORITIES. THUS, IN THIRD QUARTER EMB PLANS TO EMPHASIZE THESE SECTORS. ALTHOUGH INCREASED RECEPTIVITY IN ZAIRIAN BUSINESS CIRCLES TO VISITS BY EMB REPS RESULTED IN MARKEDLY IMPROVED PERFORMANCE ON CCP FOR SECOND QUARTER, DEMANDS ON ECON/COMM SECTION AS RESULT OF FINANCIAL CRUNCH AND CONTINUED PROBLEMS OF DRUG INDUSTRY PRECLUDED EMB FROM REACHING ALL OBJECTIVES.

CAMPAIGN REPORT

2. EQUIPMENT FOR TRANSPORT SECTOR. OTHER WORKLOAD PRECLUDED REACHING OBJECTIVES BY DEC. 31. AS INDICATED IN OVERVIEW EMB WILL CONCENTRATE ON THIS SECTOR DURING THIRD AND FOURTH QUARTERS WITH PERHAPS MODIFIED OBJECTIVES.

3. EQUIPMENT FOR MINERALS AND POWERS SECTORS. ALTHOUGH CALLS ON THIS SECTOR WELL EXCEEDED OBJECTIVES, WORSENING FOREIGN EXCHANGE SITUATION PLACED STRINGENT LIMITS ON TRAVEL BEYOND URGENT NECESSITIES. EMB UNDERSTANDS PROSPECTS FOR U.S. SOLO EXHIBIT WITHIN FORESEEABLE FUTURE IN KINSHASA ARE NOT BRIGHT, BUT FEASIBILITY STUDY WILL BE CONTINUED INTO THIRD QUARTER.

4. TARGETING NEW ZAIRIAN BUSINESS LEADERS. AS MENTIONED IN OVERVIEW, PULL BACK FROM ZAIRIANIZATION PROGRAM RADICALLY CHANGING LINE UP OF ZAIRIAN BUSINESSMEN. NOMINATIONS BEING DELAYED UNTIL CLEARER, MORE STABLE PICTURE OF BUSINESS COMMUNITY EMERGES.

5. AGROBUSINESS SECTOR. EMB WILL CONCENTRATE DURING THIRD AND FOURTH QUARTERS ON CALLING ON ALL MAJOR AGRO-INDUSTRY FIRMS IN ZAIRE IN ORDER TO DEVELOP TRADE AND INVESTMENT OPPORTUNITIES AS WELL AS TARGET SECTOR LEADERS AND BRING WTDR FILES UP TO DATE.
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